

Agency: 477 Department of Fish and Wildlife
Decision Package Code/Title: AC PILT and Assessments
Budget Period: 2011-13
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Washington Department of Fish and Wildlife (WDFW) is required by RCW 77.12.201 to make payments in-lieu of property taxes (PILT) for Department owned lands to counties that elect to receive this payment. Counties choose from three different formulas to compute the PILT payment. Depending on the formula, PILT calculations can vary substantially. The WDFW is also required to pay assessments for weed control, storm water management, and lake management and dike districts. In fiscal year 2012, PILT payments for WDFW properties will increase due to an anticipated use of an alternate formula for computing PILT rate in Kittitas County, increases in assessments and for the acquisition of additional land in counties that elect to receive PILT.

Fiscal Detail

Operating Expenditures	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	1,436,236	1,436,236	2,872,472
Total Cost	1,436,236	1,436,236	2,872,472

Package Description:

In fiscal year 2012, WDFW anticipates PILT to be approximately \$2,663,419 due to land acquisition and selection of an alternate formula for computing the PILT rate in Kittitas County. This request is to cover the per year increase of \$1,436,236 in fiscal years 2012 and 2013. WDFW is unable to absorb these costs without significant impact to other programs and activities, resulting in loss of timely service delivery to the public and core functions. This supplemental request supports:

-\$2,346,244 (FY12 \$1,173,122 and FY13 \$1,173,122) - Estimated increased costs due to highest possible inter-local levy rate changes of PILT assessments that could occur in Kittitas County.

-\$140,000 (FY12 \$70,000 and FY13 \$70,000) - Greater tax assessment versus estimated assessment (late assessment increase in Okanogan County in 2011) the payment is needed for both 2012 and 2013 fiscal years.

-\$35,888 (FY12 - \$17,944 and FY13 \$17,944) - New lands acquired or scheduled for closing in the 2011 tax year and payment needed for fiscal year 2012.

-\$350,340 (FY12 - \$175,170 and FY13 \$175,170) - PILT related to new acquisitions resulting from anticipated new grant receipts.

The Department's largest land holdings are in Kittitas County. In 2011, WDFW paid \$130,884.80 to Kittitas County.

The Kittitas County PILT is currently calculated with the following rate methodologies:

-30,808.72 acres assessed at .70/ acre rate
-139,427.17 acres assessed at 1984 rate

It is unknown if Kittitas County will elect a new PILT rate. Based on the trend with neighboring counties the WDFW has identified the potential impact that could occur with this change. The county has until December 31, 2011 to make this decision. The supplemental assumes that Kittitas County elects the highest open spaces rate (\$7.66 acre) and applies it to all eligible acreage.

This request will cover the - per year increase of \$1,436,236 in fiscal years 2012 and 2013. With this increase in funding WDFW will have funding to make the full PILT payments to the various counties in compliance with RCW 77.12.201 and RCW 77.12.203 without significantly decreasing the level of agency activities associated with other WDFW activities such as enforcement, selective fisheries, hatchery production, fish and wildlife management and research, salmon recovery, HPA permitting activities, land management, and core business support functions.

PILT payments are required to be processed by April 30 of each year. These payments would be made during 2012 and 2013 and are anticipated to be ongoing.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

With this increase in funding WDFW will be able to make full PILT payments to the various counties and remain in compliance with RCW 77.12.201 while continuing its land management programs that benefit fish and wildlife and provide public recreation such as hunting, fishing, bird watching, wildlife photography, and hiking.

Performance Measure Detail

Activity: A039 Land Management

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package is an important component to the successful implementation of WDFW's Strategic Plan. One of our top strategies in the plan is sound management of WDFW lands and access sites. Making PILT payments to local governments is essential to good management

Does this decision package provide essential support to one of the Governor's priorities?

This request directly supports "Concern For Our Environment," which states: "Washington is also home to a rich diversity of fish and wildlife species and the unique habitats upon which they depend." WDFW land ownership, which provides habitat for fish and wildlife, requires the payment of taxes and assessments.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package contributes to "Improve the quality of Washington's natural resources." The activity to "Conserve fish and wildlife habitat and sustain recreational opportunity through sound public land management" and the need to "Protect essential fish and wildlife habitat" with the strategy to preserve, maintain, and restore natural systems and landscapes are both funded in the Priorities of Government process.

What are the other important connections or impacts related to this proposal?

The payments to counties and local governments are statutorily required. WDFW anticipates that Kittitas County will elect an alternative means of calculating PILT this year resulting in increased costs. Other counties may follow suit and elect the alternative way to calculate PILT.

What alternatives were explored by the agency, and why was this alternative chosen?

These payments are required by statute and WDFW is unable to absorb these costs without significant impact to other core programs and activities.

What are the consequences of not funding this package?

RCW 77.12.201 and RCW 77.12.203 require these payments. If not funded, WDFW will be out of compliance with legally required assessments and payments, or will have to cut core fish and wildlife activities to offset the increased costs to remain in compliance.

What is the relationship, if any, to the state's capital budget?

WDFW uses funding received in the capital budget to acquire properties.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

In fiscal year 2012, PILT payments for WDFW properties are anticipated to increase due to the acquisition of additional land in counties that elect to receive PILT and the use of an alternate formula for computing PILT rate in Kittitas County.

-\$2,346,244 (FY12 \$1,173,122 and FY13 \$1,173,122) - Estimated increased costs due to highest possible inter-local levy rate changes of PILT assessments that could occur in Kittitas County.

Calculated by estimating inter-local levy rate of \$7.66 per acre applied to 170,236 acres equals a total annual PILT payment of \$1,304,008 less current fiscal year 2011 amount of \$130,886 for a net annual increase of \$1,173,122.

-\$140,000 (FY12 \$70,000 and FY13 \$70,000) - Greater tax assessment versus estimated assessment (late assessment increase in Okanogan County in 2011) the payment is needed for both fiscal years 2012 and 2013.

Increase of \$0.91 per acre on 76,650 acres equals \$70,000.

-\$35,888 (FY12 - \$17,944 and FY13 \$17,944) - New lands acquired or scheduled for closing in the 2011 tax year and payment needed for fiscal year 2012.

Calculated by using a blended rate of \$5.50 per acre times an estimated 3,265.26 to be acquired in 2011.

-\$350,340 (FY12 - \$175,170 and FY13 \$175,170) - PILT related to new acquisitions resulting from anticipated new grant receipts.

Calculated by using a blended rate of \$6.50 per acre times an estimated 26,949 acres to be acquired in 2012.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

These costs are ongoing and should be carried forward into future biennia.

<u>Object Detail</u>		<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
E	Goods And Services	1,436,236	1,436,236	2,872,472